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TAGS: [PREL](#) [PHUM](#) [ECON](#) [ETRD](#) [KPAO](#) [CH](#)  
SUBJECT: XINHUA REBUFFS CRITICISM, STANDS BY REGULATIONS

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[1](#)B. B) BEIJING 19133

Classified By: Political Section Internal Unit Chief Susan A. Thornton.  
Reasons 1.4 (b/d).

#### Summary

[1](#)1. (C) New regulations restricting foreign wire services' distribution of news and financial data in China aim to create a healthy media climate, state-run Xinhua News Agency staffer Wang Hongyu told Emboffs September 27. Wang said Xinhua had three motives in introducing the rules, namely a) standardizing dissemination of information so that all comes from a vetted source; b) protecting intellectual property rights; and c) safeguarding social stability. The rules will not affect reporting on the Olympics and do not apply to foreign newspapers, magazines or television networks active in China. Xinhua itself will enforce the new restrictions, although Wang declined to discuss implementation details or possible penalties for infractions. Emboffs told Wang that the regulations represent a step backward in China's effort to develop a modern, information-based economic system, may violate China's WTO commitments and have implications for freedom of expression. Enforcement of the new rules over the past two weeks appears to be inconsistent at best, with much foreign wire copy appearing in major Chinese papers. End Summary.

Xinhua: Rules Necessary for "Healthy Climate"

[1](#)2. (C) Wang Hongyu, a staff member of Xinhua's Foreign Information Administration Center, opened a September 27 meeting with Emboffs by apologizing for the delay in meeting to discuss the new rules, which were issued September 10 (reftels). (Note: Xinhua declined several meeting requests from Post in the two weeks following the announcement, claiming that officials were too busy. End note). While Xinhua is aware of the criticism coming from foreign governments and news agencies, the goals of the regulations remain valid, Wang said. They include a) standardizing the provision of news and information from foreign sources to domestic consumers, b) protecting the intellectual property rights of the foreign news agencies and c) creating what Wang called a "healthy media climate" by making sure no foreign news reports stoke instability within China. On this last point, Wang charged that foreign media sources have been known to run stories advocating Taiwan independence, an "unhealthy influence" on society, he said. Responding to our question, Wang said no foreign news outlets have come to Xinhua to complain about IPR violations, but he has

heard that such concerns exist.

#### Xinhua to Journalists: Don't Worry, No Change

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¶3. (C) Recalling Premier Wen Jiabao's comments at a September 13 press conference in London, Wang contended that "China's rules regarding foreign media freedom in China have not changed." He stated that the new rules do not apply to foreign newspapers, magazines or television networks active in China and will have no effect on foreign journalists' coverage of the Olympics. While dissemination of news photographs is subject to the new rules, Xinhua has no intention to impose restrictions on interviews or other news gathering activities, Wang said. Nonetheless, foreign news agencies are required to abide by (the lengthy) Article 11 of the new regulations, which prohibits release of news that harms China's social stability and "interests." In this context, Wang recited points we regularly hear from Chinese officials when we raise speech freedom concerns: that no society can have absolute freedom of expression, that China's constitution protects free speech, and that any controls are consistent with China's laws.

#### Authority and Enforcement

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¶4. (C) Wang said Xinhua itself announced the new rules as opposed to the State Council Information Office (as is standard practice when the Government publicizes new policies or decrees) in accordance with the Administrative Licensing Law of 2004. The law

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allows for Government agencies to make announcements concerning policies they are responsible for implementing, Wang stated. As for follow through, Xinhua will be responsible for enforcing the restrictions, which will mainly affect banks and brokerage houses who subscribe to financial news sources such as Bloomberg, Reuters and Dow Jones. Wang declined to discuss enforcement specifics or possible penalties for infractions.

#### Foreign Media and Firms Unhappy

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¶5. (C) Emborffs stressed that foreign news agencies, the American Chamber of Commerce and the U.S. Government are all in agreement that Xinhua's measures are a step backward in China's efforts to become a modern, information-based economy and may violate China's WTO commitments. U.S. officials have already raised serious concerns with the Chinese Government and will continue to do so, Emborffs stated. Beyond fair trade issues, the new rules will negatively impact freedom of expression, Emborffs told Wang.

#### Comment

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¶6. (C) Since Xinhua introduced the new rules on September 10, enforcement has been inconsistent at best. News articles in many commercial Chinese papers continue to run copy sourced to foreign wire services. We have no reports from our media contacts of any outlets being disciplined on this score to date. Nonetheless, the meeting with Wang, who used to be a Xinhua correspondent in Pakistan, reaffirms our impression that Xinhua hopes to use the restrictions to corner the lucrative financial information market in China.

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